



ROCKVILLE, MARYLAND

MEMORANDUM

May 3, 2012

TO: Roger Berliner, President, County Council

FROM: *Jennifer A. Hughes*
Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: Bill 17-12E Emergency Medical Services Reimbursement Act

Attached please find the fiscal and economic impact statements for the above referenced legislation.

I have also attached a copy of the April 26, 2012, EMS Transport Revenue Projections report prepared by Page, Wolfberg, & Wirth.

JAH:aw

c: Kathleen Boucher, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
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Marc Hansen, County Attorney
Richard Bowers, Chief, Department of Fire and Rescue Service
Scott Graham, Department of Fire and Rescue Service
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Fiscal Impact Statement
Council Bill 17-12E – Emergency Medical Services (EMS) Reimbursement Act

1. Legislative Summary.

This Bill would authorize the County to impose and collect a reimbursement to recover costs generated by providing emergency medical services transports. This bill would also provide for a schedule of emergency medical services transport reimbursement charges, waiver criteria, permitted uses of reimbursement revenues, and other procedures to operate the emergency medical services reimbursement program.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

Projected revenues are based on a mix of four payer types: Medicare, Medicaid, Commercial/Auto Insurance and Self Pay and average revenue per transport rate of \$265 in FY13 up to \$291 in FY18 and a Montgomery County Fire and Rescue Service (FRS) estimated transport volume of 64,700 for FY13 which is expected to increase to 68,000 in FY18. Assuming implementation of the reimbursement charge January 1, 2013, FY13 revenues are estimated to be \$8,557,640.

Three additional full-time personnel are needed to implement the program: one Manager of Billing Services to manage internal County billing issues; one Accountant/Auditor; and one Administrative Specialist. The FY13 salary and benefits are estimated to be \$258,780.

Estimated operating expenses for FY13 total \$695,670 and are comprised of third party contract expenditures of \$470,670 (5.5% of gross revenues collected); \$200,000 for community outreach activities in FY13, reduced to \$25,000 in FY14-18; and \$25,000 in FY13 for training. Total annual operating expenses are dependent, in part, on the negotiated fee for the third party contractor who will manage the billing program on behalf of the County. Costs of community outreach will be reduced after the initial year of implementation because the need for these outreach activities will not be as significant when the program is fully operational.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

	FY13*	FY14	FY15	FY16	FY17	FY18	TOTAL
Revenue Projections	\$8,557,640	\$17,619,696	\$18,100,911	\$18,628,920	\$19,188,329	19,759,903	\$101,855,399
Implementation Costs	\$954,450	\$1,252,860	\$1,279,330	\$1,308,370	\$1,339,140	\$1,370,570	\$7,504,720
Available Revenue	\$7,603,190	\$16,366,836	\$16,821,581	\$17,320,550	\$17,849,189	\$18,389,333	\$94,350,679

*FY13 revenue estimate assumes implementation of the reimbursement charge on January 1, 2013. Third party contract billing expenses are pro-rated based on implementation of the reimbursement charge, and all other expenditures are full-year

costs in FY13. Net revenue available after implementation/administration costs will be allocated to eligible expenditures.

- 4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

Not Applicable.

- 5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

Not Applicable.

- 6. An estimate of the staff time needed to implement the bill.**

It is expected that three additional full-time personnel will be needed for implementation: one Manager of Billing Services; one Accountant/Auditor; and one Administrative Specialist.

- 7. An explanation of how the addition of new staff responsibilities would affect other duties.**

The staff time required to implement the bill would be handled by the new positions identified above and therefore would have no impact on other duties.

- 8. An estimate of costs when an additional appropriation is needed.**

An additional appropriation of \$954,450 is needed in FY13 to implement the program.

- 9. A description of any variable that could affect revenue and cost estimates.**

Variables that could affect the estimated revenues and costs include fee rates charged, documentation to support billing, changes in Medicare and Medicaid reimbursement rates and regulations, changes in private insurance market rates, the number of transports performed annually by the FRS, changes in local health care costs, and the negotiated fee associated with third party billing.

- 10. Ranges of revenue or expenditures that are uncertain or difficult to project.**

Not Applicable.

- 11. If a bill is likely to have no fiscal impact, why that is the case.**

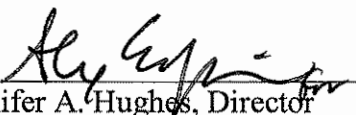
Not Applicable.

- 12. Other fiscal impacts or comments.**

While the proposed legislation permits retroactive collection of transport reimbursements to July 1, 2012, the fiscal impact statement assumes collection would not actually begin until January 1, 2013.

13. The following contributed to and concurred with this analysis:

Scott Graham, Department of Fire and Rescue Service
Dominic Del Pozzo, Department of Fire and Rescue Service
Amy Wilson, Office of Management and Budget.



Jennifer A. Hughes, Director
Office of Management and Budget

5/3/2012
Date

Economic Impact Statement
Emergency Medical Services Transport Reimbursement Act
Council Bill 17-12E

1. The sources of information, assumptions, and methodologies used.

Bill 17-12E, Emergency Medical Services Transport Reimbursement, would authorize the County to impose and collect a reimbursement to recover costs generated by providing emergency medical service transports. This bill would also provide for a schedule of emergency medical services, transport reimbursements, waiver criteria, permitted uses of the revenues collected and other procedures to operate the program.

According to the Fiscal Impact Statement prepared by the Office of Management and Budget, it is estimated that the subject legislation would authorize collection of gross revenue of over \$17 million annually (when fully operational) and nearly \$102 million in the FY13-18 period. The revenue would largely be generated through payments made from residents and visitors from Medicare and Medicaid, but also through private group insurance and automobile insurance.

To develop this Economic Impact Statement we consulted with private consultants pertaining to EMS reimbursement models and insurance industry trends and practices. Based on our review of the legislation we do not believe the legislation will have a quantifiable economic impact on the local economy including local insurance rates.

2. A description of any variable that could affect economic impact estimates.

While we do not consider that the legislation as proposed would have a measurable economic impact, variables that could affect this conclusion include changes in Medicare and Medicaid reimbursement rates and regulations, changes in private insurance market rates, the number of transports performed annually by the Fire and Rescue Service (FRS), and changes in local health care costs.

3. The bill's positive or negative effect, if any, on employment, spending, saving, investment, incomes, and property values in the County.

The additional revenue generated through this legislation, while significant in the context of the County's annual operating budget, is not large enough to generate a quantifiable impact on employment, spending, savings or other relevant economic variables.


4. If a bill is likely to have no economic impact, why that is the case.

The bill will have an economic impact because of the additional revenue generated from Medicare, Medicaid, and private insurance. However, as mentioned above, the economic impact will be small in relation to the local economy that it will not have a quantifiable impact.

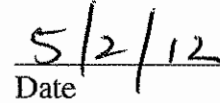
Economic Impact Statement
Emergency Medical Services Transport Reimbursement Act
Council Bill 17-12E

5. The following contributed to and concurred with this analysis:

David Platt, Department of Finance, Michael Coveyou, Department of Finance, Terry Fleming, Department of Finance



Joseph F. Beach, Director
Department of Finance



Date

PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

MONTGOMERY COUNTY FIRE RESCUE SERVICES

Updated 2012 EMS Transport Revenue Projections

Submitted By:



April 26, 2012

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EXECUTIVE SUMMARY

If EMS insurance billing is implemented in Montgomery County, Maryland, the County is projected to generate \$110,443,689 in new revenue over the initial six years of the program based on the service mix and call volume statistics reported by the County. Thereafter, the County would be expected to continue to derive in excess of \$19 million per year of new revenue under the program. Under the proposed Montgomery County EMS transport fee model, none of the projected revenues would be paid out of the pockets of County residents.

This report supplements three earlier reports, submitted in January and November of 2008, and April of 2010. The County requested this updated report in light of any changed circumstances in ambulance reimbursement, as well as the economic and federal political climate, that may have impacted our earlier projections. In January 2010 the County transitioned its EMS operations from paper-based to electronic patient care reporting, so some data became available to replace some of the assumptions that could previously only be made using informed estimates.

While this report provides six years of revenue projections, the April 2010 report provided only four years of projections. Therefore, for purposes of comparison, the first four years of this updated 2012 report adjust the four-year revenue projections upward by \$9,898,347 (from \$61,597,110 to \$71,495,457) as compared to the four-year projections in the April, 2010 report. The major reasons (none of which were foreseeable at the time of the 2010 projections) for this change are:

- The Geographic Practice Cost Index (GPCI) (which is used by Medicare to calculate ambulance fee schedule reimbursement rates) for MCFRS' Locality was adjusted from 1.057 to 1.198 in 2012.
- MCFRS data resulted in an increase in the "non-resident" percentage from 10% to 14%

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I. Overview

Montgomery County Fire Rescue Services (MCFRS) has requested that Page, Wolfberg & Wirth, LLC (PWW) update its earlier revenue projections with regard to EMS billing. PWW was asked to update these projections in April, 2012. At that time, some of the electronic patient care reporting (ePCR) data was available for CY 2010 and 2011, regarding run volume, and "resident" vs. "non-resident" patient mix. We have updated this report using assumptions based on actual data where data was provided. Because no data was provided regarding anticipated payer mix of course, the assumptions from the previous reports were used in this area. Nevertheless, where actual data are now available to replace prior assumptions in certain aspects of the projections, the data will be used instead of earlier assumptions.

When assessing potential revenues from any proposed health care billing undertaking, it must be remembered that revenue forecasting is both an art and a science; there is little in the way of published, publicly-accessible data from which meaningful comparisons to similar jurisdictions can be drawn. Many such assumptions are based on our experience in working with EMS systems of all configurations across the United States. All assumptions made in the generation of these projections will be stated so that Montgomery County elected officials, policymakers and Fire Rescue leadership can be guided accordingly.

Our detailed revenue projection spreadsheets for Years One – Six are attached to this report as Appendices A-F.

Previous revenue projection reports dated January 18, 2008, November 13, 2008 and April 23, 2010 were also provided to the County.

II. Methodology and Assumptions

A. Time Intervals

This report provides six (6) years of revenue projections. We utilized 2012 Medicare rates as a starting figure for this updated report. The reports are presented on a Calendar Year (CY) basis. These projections were made on a CY basis primarily because Medicare (from which the single largest portion of revenues is expected to be derived) typically adjusts its allowed rates on a calendar year basis. CY projections can easily be converted into Fiscal Year (FY) projections by taking a pro-rata share of the annual projections and combining them with the corresponding pro-rata portion of the subsequent calendar year's projections.

B. Estimated Transport Volume

All estimated transport volumes utilized in this report were drawn directly from data for CY 2009, 2010 and 2011 provided by MCFRS. This statistic is the key driver in any EMS transport fee revenue projection model. We also compared Q1 2012 data to verify that demonstrated trends appear to be continuing into the current year.

Modest annual increases in call volume, which can be expected as population grows, and which were demonstrated by the data provided, continue to be assumed in these updated 2012 projections, as they were in the previous reports.

C. Transport Mix by Payer

Transport mix estimates are found on the top of each spreadsheet (Exhibits A-F). The "transport mix" is the number and percentage of transports by applicable payer type.

Because MCFRS has not previously billed for EMS transport, these payer mix percentages are estimates which are, if anything, designed to conservatively underestimate revenues. It is possible that in actual experience, the "Self Pay" category (which includes uninsured patients and patients for whom insurance cannot be identified) will be lower than the estimated 28%. In addition, the implementation of the federal health care reform law (if upheld by the U.S. Supreme Court) might ultimately reduce the Self Pay category by moving more of the uninsured into an insured category. Lowering the Self Pay category would move more people into either the Commercial Insured, Medicare or Medicaid categories, which would have a resulting increase on revenues. However, we believe it is best to continue to estimate the payer mix more conservatively and therefore will continue to use the previous payer mix estimates.

D. Transport Mix by Level of Service

Within each payer category, we utilized a consistently estimated approach to the level of service mix (i.e., BLS vs. ALS). In our 2008 report, we utilized an ALS-BLS ratio of 57/43 (i.e., 57% ALS, 43% BLS). In our 2010 report we revised the ALS/BLS ratio to 45/55. After considering the two years of Dispatch Level data provided by MCFRS (2010 and 2011), we are revising that ratio again to 40/60 in these projections.

Medicare rules reimburse ambulance services at the ALS1-Emergency level for medically necessary, covered transports when the provider furnishes a qualifying "ALS Assessment," even if no ALS interventions are provided. However, a prerequisite to billing for ALS Assessments is a qualifying ALS-level dispatch. Because MCFRS data suggest ALS dispatch conditions roughly 40% of the time, we are revising the ALS/BLS ratio to 40/60. The revision of these service mix estimates will have a negative effect on the revenue projections, though that will of course make the projections even more conservative.

Certainly as more ePCR and CAD data become available, these service mix estimates can be revisited.

It is also important to note that we assigned a small (almost negligible) percentage (1%) of transports to "non-emergency" levels of service. We recognize that MCFRS is solely a 911, emergency provider. However, until dispatch protocols are fully integrated with billing systems, there is a chance that on a small percentage of calls, billers will not have the requisite emergency dispatch information available to them and, acting out of an abundance of compliance, will code the claims as "non-emergencies." That is why non-emergency levels of service are included in the model.

We also included the "Specialty Care Transport" (SCT) level of service on the spreadsheet model, though we did not assign any transports to this category. SCTs are interfacility transports, which we presume would not be handled by MCFRS, though the SCT category is included in case MCFRS would like to investigate the financial impact of providing this type of service in the future.

In our 2008 and 2010 reports we also assumed a relatively conservative (1% and 2% respectively) for "ALS2" level transports. This is a more intensive (and higher-reimbursed) level of service that applies when a patient receives invasive interventions such as endotracheal intubation. We have projected an ALS2 service mix of 2% on this report as well.

E. Payer Type

There are four payer types utilized in these projections: Medicare, Medicaid, Commercial/Auto Insurance and Self-Pay. As a provider of emergency, 911 services only, we assumed that MCFRS will not enter into contracts with Medicare managed care ("Medicare Advantage") organizations or other commercial payers. Therefore, because non-contracted providers are paid by Medicare Advantage plans for emergency transports at the Medicare fee-for-service rates, all transports of Medicare Advantage patients are included in the "Medicare" category. Medicare copayments are also included in the Medicare category, with an estimate of 52% of copayments being paid by Medicare supplemental insurance policies. Similarly, the "Commercial/Auto Insurance" category includes commercial managed care plans, traditional indemnity "fee-for-service" plans, automobile liability insurance policies, workers compensation payments, and similar types of commercial or self-insurance.

F. Self-Pay Transports

In this model, we assumed that the County would implement an "insurance only" billing policy, under which County residents would be billed only to the extent of available insurance. County residents would not be billed for copayments, deductibles or other charges unmet by their insurance coverage (in addition, no payment would be collected from uninsured residents). Based on data provided by MCFRS, we assume that 86% of patients in the Self Pay category will be County residents, and, therefore that 14% of the Self Pay category are non-residents. We note that this is an increase in percentage of non-residents from our previous reports (was 10%), based on data now available which was not available previously. We further also assume a collection rate of 5% from the non-resident, self-pay population in this model. This is a reduction from 30% in our previous reports, that our experience shows more realistically reflects today's changed economy. This increase in "bad debt percentage" will make the projections even more conservative, even with the increased "non-resident" assumption.

G. Mileage

Medicare and most commercial payers reimburse ambulance services for "loaded" miles, i.e., for those miles which the patient is on board the ambulance, from the point of pickup to the closest appropriate destination. We made the assumption, given the geography, population centers and population density of the County, that the average transport would include five (5) loaded miles. As with all assumptions in this model, this particular assumption can be modified to determine the resulting impact on revenues if desired. Beginning January 1, 2011 ambulance services are required to bill fractional mileage, rather than the old rule of "always round up." This, of course, resulted in decreased mileage payments for ambulance services. Because we were told that the average transport may be as high as 10 miles (ranging from a low of 2 miles to a high of 35 miles) we believe that our previous assumption of a 5 mile average is still appropriately conservative, so have not changed that assumption for these projections.

H. Charges

We included a proposed schedule of charges for each level of service. Of course, the selection of a rate schedule is entirely up to County policymakers and is typically a factor of many economic and political considerations. However, the County's charges should, without question, be a fair amount higher than the prevailing Medicare-approved rates, because, under Federal law, Medicare pays the *lesser* of the approved Medicare fee schedule amount *or* the provider's actual charges. In other words, if a provider charges *less* than the applicable Medicare fee schedule payment, Medicare does not "make up the difference." It becomes legitimate revenue that is irretrievably lost and cannot be recovered from any other source. Establishing rates that are comfortably above the approved Medicare fee schedule amounts is a paramount consideration in the establishment of any ambulance rate schedule.

We assumed an annual increase of approximately 5% in the County's ambulance rate schedule (i.e., charges) in years 2-6.

I. Approved Charges

For each payer category (except, of course, for self-pay), we estimated an “approved charge.” This is the amount that Medicare, Medicaid or commercial insurers will approve for the particular level of service. Medicare rates are established annually according to a national fee schedule and vary slightly based on geography (due to the incorporation of the “Geographic Practice Cost Index” (GPCI) from the Medicare physician fee schedule into the Medicare ambulance fee schedule. The 2010 projections assumed a GPCI of 1.057, which was at that time the applicable GPCI for Maryland Locality 01. For purposes of this 2012 updated report, we note that the Medicare approved charges reflect a GPCI for DC Locality 01, which is where the Montgomery County Zip Codes are located, that was adjusted in 2012 by Medicare to 1.198. This will have a slightly positive effect on the projections.

We also note that in our 2010 report, we used 2010 approved Medicare charges as the “starting point” upon which all subsequent years’ projections were based. For purposes of this updated 2012 report, we are using 2012 approved Medicare charges as the starting point, which are approximately 14.25% higher than they were in 2010. This increase is due to positive changes in both the GPCI and the Ambulance Inflation Factor (“AIF”)

With regard to the GPCI, a portion of the Medicare Ambulance Fee Schedule is adjusted to reflect geographic cost differences in providing ambulance services in different parts of the country. Because Medicare found it inefficient to develop a national cost index specific to measure the different costs of providing ambulance services across the United States, it simply “borrowed” a geographic cost formula it had already developed for the Physician Fee Schedule and incorporated into the Ambulance Fee Schedule. That formula is the “Practice Expense” portion of the Geographic Practice Cost Index (GPCI) from the Physician Fee Schedule.

Medicare rates are adjusted annually by the AIF. In most years since the adoption of the Medicare ambulance fee schedule in 2002, there has been a modest positive AIF. However, Medicare adopted a 0% AIF for 2010, and in 2011 it was a negative 0.1%. In 2012 the AIF was a positive 2.4%. In addition, as of December 31, 2012, some temporary Medicare ambulance increases are set to expire, absent any legislative renewal. Therefore, as with our 2010 projections, we are presuming a 0% AIF in years 2-6. We do not believe it to be likely that there will be continued 0% growth in approved charges, but in order to keep these projections as conservative as possible, we are assuming 0% inflation in the 2012 base rates for years 2-6 for the Medicare and Commercial categories. As in our previous reports, we assumed no annual increase in Maryland Medicaid rates, which are a flat \$100 (ALS or BLS) with no allowance for loaded mileage.

For commercial insurers, we assumed an overall percentage of approved charges of 67%. It is very difficult to predict with certainty how this payer class will respond to the implementation of an EMS billing program. Some commercial insurers pay 100% of billed charges for emergencies without question; others take aggressive stands against paying full charges and often will pay some arbitrary amount that they deem to be “reasonable.” We believe that an overall figure of 67% of charges takes these variables into account.

The difference between MCFRS’s charges and the payer-“approved charges” are ordinarily not collectible. With regard to Medicare, this is considered to be “balance billing”

and is prohibited by Medicare law. These mandatory “write offs” are referred to as “contractual allowances.”

J. “Allowables”

For each payer category, we included an estimated “allowable” percentage. This can be confusing, but an “allowable” percentage is the percentage of the payer-approved charges that MCFRS can expect to be paid. In other words, once Medicare applies the “contractual allowance” referenced above and determines the “approved charge,” Medicare only pays the provider 80% of that approved charge. The remaining 20% is a copayment, which is the responsibility of the patient. As stated above, in this model, we assume a Medicare copayment collection rate of 52% from supplemental insurers, which generally pay these copayment amounts, without regard to residency status, automatically after Medicare makes the primary payment.

We utilized a 100% “allowable” figure for Medicaid and commercial payers, but, again, remember that this is *not* the same as assuming a 100% “collection rate” from these payers. This merely means, to use Medicaid as an example, that Medicaid can be expected to pay 100% of *its approved charge* for ambulance services (currently, \$100) and *not* 100% of MCFRS’s actual charges.

We utilized a collection rate of 5% for self-pay accounts (i.e., the estimated 14% of the self-pay category that are non-residents), again reflecting the likely adoption of an “insurance only” billing policy for residents.

K. Patient Care Documentation

One key variable not reflected in these projections is that EMS billing is only as good as the field documentation that supports it. For instance, EMS providers must thoroughly and accurately document information necessary to support proper billing decisions, including patient condition, treatment and other clinical factors, and must collect signatures of patients (when possible) or other authorized signers at the time of service. The County should provide periodic documentation training for all EMS personnel in the County to ensure that legally defensible and compliant documentation is completed in all cases. Inadequate or inaccurate completion of patient care reports can negatively impact projected revenues. The County’s January, 2010 implementation of an electronic patient care reporting (ePCR) system has demonstrated the ability to obtain data that was not previously available, and will undoubtedly continue to be a significant benefit in producing quality EMS documentation as well as reliable EMS data.

III. Revenue Projections

A. Total Cash Receipts

We have broken down projected cash receipts by each payer, and then calculated an overall total. Year One revenues are projected at approximately \$17.1 million. Years Two – Six projections are approximately \$17.6 million, \$18.1 million, \$18.6 million, \$19.2 million and \$19.8 million, respectively. Again, County policymakers and budget officials must take into account the assumptions and limitations discussed above when budgeting anticipated revenues from the EMS transport fee program.

B. Average Revenue Per Transport

For each year, we project an Overall Projected Average Revenue Per Transport. This is a simple calculation of gross cash receipts divided by total transport volume in a given year. This takes into consideration all revenues from all payer sources and all levels of transport, but it is a helpful “global perspective” of billing performance.

It could be argued that the Average Revenue Per Transport estimates, which range from approximately \$265 - \$291, are optimistic. Of course, this is directly related to the rate structure that the County’s policymakers ultimately decide to put into place. Nevertheless, we have compared Montgomery County to other jurisdictions and believe there are some compelling reasons why these Average Revenue Per Transport estimates are reasonable.

First, Montgomery County has a comparatively high median household income. According to U.S. Census bureau statistics, Montgomery County median household income in 2004 was \$76,957, compared with \$57,019 for all of Maryland. This puts Montgomery County in the highest median household incomes in the United States. Given this statistic alone, some could argue that our Average Revenue Per Transport estimates are *too* conservative.

Second, we compared these Average Revenue Per Transport Estimates with other jurisdictions in the U.S. (using data available to us in 2008). While these data do not always take into account the same factors, and thus creates a potential problem of comparing “apples and oranges,” these data can be informative. For instance, in Dayton, Ohio (according to data obtained from that City’s ambulance billing contractor), a city with a median household income of \$34,978 and approximately 16,000 EMS transports per year, the average revenue per transport was \$217. On the other side of the spectrum, in Nassau County, New York, with a median household income (\$80,647) comparable to Montgomery County’s, and 42,106 annual transports, the average revenue per transport reported by their billing contractor is \$380. We therefore believe that the Average Revenue Per Transport estimates in this revenue projection are realistic, again, depending upon the rate structure implemented by Montgomery County.

C. Gross and Net Collection Percentages

One common EMS billing measurement is the “collection percentage.” Understanding your projected collection percentage is vital when evaluating the ongoing effectiveness of an outside billing contractor.

When measuring collection percentages, it is critical to distinguish the concepts of “gross” versus “net” collection percentages. Gross collections look at actual cash receipts divided by total charges. Net collections, on the other hand, look at actual cash receipts divided by the amount the provider is allowed to collect for the particular service, after the mandatory contractual allowances required by law are deducted. While both of these measurements of billing performance have their weaknesses, the use of a gross collections percentage as a measurement of billing performance is highly artificial.

Consider the following example. Say that an agency *charges* \$600 for a BLS emergency call. Now, say that Medicare only *approves* \$250 for a BLS emergency. Under the law, as discussed above, your agency must write off the difference between its charge and the Medicare approved amount. In this example, that “contractual allowance” would be \$350. Under a gross collections approach, assuming you were fully paid by Medicare, and succeeded in collecting the 20% patient copayment (which likely would not be the case with Montgomery County residents), you would only have collected 41.7% - or \$250/\$600. However, under a net collections approach, your agency collected everything it was allowed to collect under the law, so your net collection percentage on this claim was 100%.

The gross vs. net collections approach – as shown in this example – illustrates how relatively easy it is to “manipulate” your “collection percentage” merely by adjusting your actual charges. For instance, say the ambulance service in our example above decides to increase its BLS emergency charge from \$600 to \$800. Now, its gross collection percentage on the sample claim drops to 31%, or \$250/\$800. The amount approved by Medicare doesn’t increase merely because your charges increased, so the result is a drop in your gross collection percentage. However, the amount of cash you actually received stayed the same. So, on paper, your billing operation, when measured by a gross collection percentage, looks like its performance is getting worse, when actually it may be unchanged, or even better when you look at actual cash received. The reverse of this example is also a potential pitfall: lowering your charges would have the result of artificially *increasing* your net collection percentage, while not necessarily improving your cash receipts, thus perhaps making billing performance seem better than it is.

We projected both gross and net billing percentages for purposes of this report. The estimated gross collection rates are, conservatively, lower than reported national averages. For instance, the Jems 200 City Survey in 2007 reported that the average gross collection percentage for public-sector EMS agencies was 55.9%. Our gross collection percentage estimates for Montgomery County run in the 47-55% range.

It is likely that lower gross collection percentage estimates do result in higher *net* collection percentage estimates. This is because a lower *gross* percentage means that more of the “unallowed” charges have already been written off, leaving more “pure” and collectible revenue on the table. Therefore, one would expect that the *net* collection percentages would be higher. There are no meaningful, national net collection data reported of which we are aware. Nevertheless, again, because the net collection percentage represents income to which the County is legally and legitimately entitled, and already factors in the allowed amounts, contractual write offs and very low estimated self-pay percentage, we believe that the net collection percentages represent realistic expectations for a billing contractor to achieve for a county as affluent as Montgomery County, Maryland.

IV. Conclusion

Though based on many variables that are subject to change, these EMS billing revenue projections demonstrate that there are substantial revenues that could be realized were Montgomery County to implement an EMS transport fee. Of course, the decision on whether or not to do so, and on how any realized revenues would be allocated, is up to the sound discretion of the County's policymakers.

V. Important Notices

These projections are estimates only and not a guarantee of financial performance. All projections are based in large part upon data supplied by the client. Estimating revenues from the provision of any health care services involves many variables that cannot be accounted for in a revenue estimate and that are beyond the control of the estimator. The consultants have stated all key assumptions and have provided a relational spreadsheet that allows the client to modify any assumptions that it finds necessary. The client is responsible to verify all assumptions that affect these projections and to modify them when necessary. This estimate does not constitute the rendering of professional accounting advice, and does not take any expenses into account. Revenue projections can also be impacted by changes in applicable reimbursement laws and regulations. The consultants are not responsible to update this analysis unless asked to do so by the client. Finally, the decision to undertake EMS billing rests entirely with the client, and the client bears all responsibility for appropriate and compliant billing operations.

Appendix A

Year One Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year One		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ³	Est. Commercial / Auto Transports (28%) ³	Est. Private Pay Transports (28%) ³			
		64,700	25,880	2,588	18,116	18,116			
Payor: Medicare (40%)	Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 300	\$ 249.08	155	\$ 46,584	\$ 38,677	80%	\$ 30,942	
BLS-E (A0429)	23.4%	\$ 400	\$ 398.53	15,117	\$ 6,046,603	\$ 6,024,382	80%	\$ 4,819,506	
ALS1-NE (A0426)	0.2%	\$ 350	\$ 298.90	104	\$ 36,232	\$ 30,942	80%	\$ 24,754	
ALS1-E (A0427)	15.4%	\$ 500	\$ 473.25	9,992	\$ 4,996,134	\$ 4,728,841	80%	\$ 3,783,073	
ALS2 (A0433)	0.8%	\$ 700	\$ 684.97	512	\$ 358,697	\$ 350,995	80%	\$ 280,796	
SCT (A0434)	0.0%	\$ 800	\$ 809.51	-	\$ -	\$ -	80%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 8.50	\$ 7.03	25,880	\$ 1,099,900	\$ 909,682	80%	\$ 727,746	
					\$ 12,584,150	\$ 12,083,519		\$ 9,649,316	Medicare Receipts
								\$ 1,235,488	Medicare Co-Pay Receipts ⁴
								\$ 10,884,804	Medicare Total
Payor: Medicaid (4%)	Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts	
BLS-NE (A0428)	0.0%	\$ 300	\$ 100.00	16	\$ 4,658	\$ 1,553	100%	\$ 1,553	
BLS-E (A0429)	2.3%	\$ 400	\$ 100.00	1,512	\$ 604,660	\$ 151,165	100%	\$ 151,165	
ALS1-NE (A0426)	0.0%	\$ 350	\$ 100.00	10	\$ 3,623	\$ 1,035	100%	\$ 1,035	
ALS1-E (A0427)	1.5%	\$ 500	\$ 100.00	999	\$ 499,613	\$ 99,923	100%	\$ 99,923	
ALS2 (A0433)	0.1%	\$ 700	\$ 100.00	51	\$ 35,870	\$ 5,124	100%	\$ 5,124	
SCT (A0434)	0.0%	\$ 800	\$ 100.00	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 8.50		2,588	\$ 109,990	\$ -	100%	\$ -	
					\$ 1,258,415	\$ 258,800	TOTAL	\$ 258,800	
Payor: Commercial/Auto (28%)	Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ³	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 300	\$ 201	109	\$ 32,609	\$ 21,848	100%	\$ 21,848	
BLS-E (A0429)	16.4%	\$ 400	\$ 288	10,582	\$ 4,232,622	\$ 2,835,857	100%	\$ 2,835,857	
ALS1-NE (A0426)	0.1%	\$ 350	\$ 235	72	\$ 25,362	\$ 16,993	100%	\$ 16,993	
ALS1-E (A0427)	10.8%	\$ 500	\$ 335	6,995	\$ 3,497,294	\$ 2,343,187	100%	\$ 2,343,187	
ALS2 (A0433)	0.6%	\$ 700	\$ 469	359	\$ 251,088	\$ 168,229	100%	\$ 168,229	
SCT (A0434)	0.0%	\$ 800	\$ 536	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 8.50	\$ 5.70	18,116	\$ 769,930	\$ 515,853	100%	\$ 515,853	
					\$ 8,808,905	\$ 5,901,966	TOTAL	\$ 5,901,966	

Montgomery County, MD EMS Transport Fee - Revenue Projections Year One		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid ³ Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ⁴			
		64,700	25,880	2,588	18,116	18,116			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ⁵	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁵	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 300	300	109	\$ 32,609	4,565	5%	\$ 228	
BLS-E (A0429)	16.4%	\$ 400	400	10,582	\$ 4,232,622	592,567	5%	\$ 29,628	
ALS1-NE (A0426)	0.1%	\$ 350	350	72	\$ 25,362	3,551	5%	\$ 178	
ALS1-E (A0427)	10.8%	\$ 500	500	6,995	\$ 3,497,294	489,621	5%	\$ 24,481	
ALS2 (A0433)	0.6%	\$ 700	700	359	\$ 251,088	35,152	5%	\$ 1,758	
SCT (A0434)	0.0%	\$ 800	800	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 8.50	8.50	18,116	\$ 769,930	107,790	5%	\$ 5,390	
					8,808,905	1,233,247	TOTAL	\$ 61,662	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					\$ 31,460,375	\$ 19,477,532			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR ONE
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 17,145,930
\$ 265
55%
88%

Footnotes:

- 1 Transport volume is based on estimates provided by Montgomery County Fire Rescue
- 2 Estimated number of Medicare transports per level of service estimated based on comparable MD/VA jurisdictions from previous projections
- 3 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
- 4 Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
- 5 Non-resident self-pay charges estimated to comprise 14% of total self-pay charges

Billing for any health care service involves many variables that cannot be accounted for in a revenue estimate and that are beyond our control.
This is an estimate only and does not constitute a guarantee.

Appendix B Year Two Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Two		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		65,350	26,140	2,614	18,298	18,298			
Payor: Medicare (40%)		Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts
BLS-NE (A0428)		0.2%	\$ 315	\$ 249.08	157	\$ 49,405	\$ 39,086	80%	\$ 31,269
BLS-E (A0429)		23.4%	\$ 420	\$ 398.53	15,268	\$ 6,412,717	\$ 6,084,905	80%	\$ 4,867,924
ALS1-NE (A0426)		0.2%	\$ 368	\$ 298.90	105	\$ 38,478	\$ 31,253	80%	\$ 25,002
ALS1-E (A0427)		15.4%	\$ 525	\$ 473.25	10,093	\$ 5,298,643	\$ 4,776,349	80%	\$ 3,821,079
ALS2 (A0433)		0.8%	\$ 735	\$ 684.97	518	\$ 380,415	\$ 354,521	80%	\$ 283,617
SCT (A0434)		0.0%	\$ 840	\$ 809.51	-	\$ -	\$ -	80%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 8.93	\$ 7.03	26,140	\$ 1,167,151	\$ 918,821	80%	\$ 735,057
						\$ 13,346,810	\$ 12,204,915		\$ 9,763,532
									\$ 1,419,311
									\$ 1,032,435
Payor: Medicaid (4%)		Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts
BLS-NE (A0428)		0.0%	\$ 315	\$ 100.00	16	\$ 4,940	\$ 1,568	100%	\$ 1,568
BLS-E (A0429)		2.3%	\$ 420	\$ 100.00	1,527	\$ 641,272	\$ 152,684	100%	\$ 152,684
ALS1-NE (A0426)		0.0%	\$ 368	\$ 100.00	10	\$ 3,848	\$ 1,046	100%	\$ 1,046
ALS1-E (A0427)		1.5%	\$ 525	\$ 100.00	1,009	\$ 529,864	\$ 100,927	100%	\$ 100,927
ALS2 (A0433)		0.1%	\$ 735	\$ 100.00	52	\$ 38,042	\$ 5,176	100%	\$ 5,176
SCT (A0434)		0.0%	\$ 840	\$ 100.00	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 8.93		2,614	\$ 116,715	\$ -	100%	\$ -
						\$ 1,334,681	\$ 261,400	TOTAL	\$ 261,400
Payor: Commercial/Auto (28%)		Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ²	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts
BLS-NE (A0428)		0.2%	\$ 315	\$ 211	110	\$ 34,583	\$ 23,171	100%	\$ 23,171
BLS-E (A0429)		16.4%	\$ 420	\$ 281	10,688	\$ 4,488,902	\$ 3,007,564	100%	\$ 3,007,564
ALS1-NE (A0426)		0.1%	\$ 368	\$ 247	73	\$ 26,935	\$ 18,046	100%	\$ 18,046
ALS1-E (A0427)		10.8%	\$ 525	\$ 352	7,065	\$ 3,709,050	\$ 2,485,064	100%	\$ 2,485,064
ALS2 (A0433)		0.6%	\$ 735	\$ 492	362	\$ 266,291	\$ 178,415	100%	\$ 178,415
SCT (A0434)		0.0%	\$ 840	\$ 583	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 8.93	\$ 5.98	18,298	\$ 817,006	\$ 547,394	100%	\$ 547,394
						\$ 9,342,767	\$ 6,259,654	TOTAL	\$ 6,259,654

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Two		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		65,350	26,140	2,614	18,298	18,298			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ³	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁵	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 315	315	110	\$ 34,583	4,842	5%	\$ 242	
BLS-E (A0429)	16.4%	\$ 420	420	10,688	\$ 4,488,902	628,446	5%	\$ 31,422	
ALS1-NE (A0426)	0.1%	\$ 368	368	73	\$ 26,935	3,771	5%	\$ 189	
ALS1-E (A0427)	10.8%	\$ 525	525	7,065	\$ 3,709,050	519,267	5%	\$ 25,953	
ALS2 (A0433)	0.6%	\$ 735	735	362	\$ 268,291	37,281	5%	\$ 1,864	
SCT (A0434)	0.0%	\$ 840	840	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	8.93	8.93	18,298	\$ 817,006	114,381	5%	\$ 5,719	
					9,342,767	1,307,987	TOTAL	\$ 65,399	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					\$ 33,367,024	\$ 20,033,956			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR TWO
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 17,619,696
\$ 270
53%
88%

Footnotes:

- 1 Transport volume is based on estimates provided by Montgomery County Fire Rescue
 - 2 Estimated number of Medicare transports per level of service estimated based on comparable MD/VA jurisdictions from previous projections
 - 3 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
 - 4 Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
 - 5 Non-resident self-pay charges estimated to comprise 14% of total self-pay charges
- Billing for any health care service involves many variables that cannot be accounted for in a revenue estimate and that are beyond our control.**
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Appendix C

Year Three Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Three		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		66,000	26,400	2,640	18,480	18,480			
Payor: Medicare (40%)	Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 330	\$ 249.08	158	\$ 52,272	\$ 39,454	80%	\$ 31,563	
BLS-E (A0429)	23.4%	\$ 440	\$ 398.53	15,420	\$ 6,784,906	\$ 6,145,428	80%	\$ 4,916,342	
ALS1-NE (A0426)	0.2%	\$ 390	\$ 298.90	108	\$ 41,184	\$ 31,564	80%	\$ 25,251	
ALS1-E (A0427)	15.4%	\$ 550	\$ 473.25	10,193	\$ 5,606,172	\$ 4,823,856	80%	\$ 3,859,085	
ALS2 (A0433)	0.8%	\$ 770	\$ 684.97	523	\$ 402,494	\$ 358,048	80%	\$ 286,438	
SCT (A0434)	0.0%	\$ 880	\$ 809.51	-	\$ -	\$ -	80%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 9.38	\$ 7.03	26,400	\$ 1,238,180	\$ 927,960	80%	\$ 742,368	
					\$ 14,125,188	\$ 12,326,310		\$ 9,811,045	Medicare Receipts
								\$ 2,210,933	Medicare Co-Pay Receipts ⁴
								\$ 12,025,988	Medicare Total
Payor: Medicaid (4%)	Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts	
BLS-NE (A0428)	0.0%	\$ 330	\$ 100.00	16	\$ 5,227	\$ 1,584	100%	\$ 1,584	
BLS-E (A0429)	2.3%	\$ 440	\$ 100.00	1,542	\$ 678,491	\$ 154,202	100%	\$ 154,202	
ALS1-NE (A0426)	0.0%	\$ 390	\$ 100.00	11	\$ 4,118	\$ 1,056	100%	\$ 1,056	
ALS1-E (A0427)	1.5%	\$ 550	\$ 100.00	1,019	\$ 560,617	\$ 101,930	100%	\$ 101,930	
ALS2 (A0433)	0.1%	\$ 770	\$ 100.00	52	\$ 40,249	\$ 5,227	100%	\$ 5,227	
SCT (A0434)	0.0%	\$ 880	\$ 100.00	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 9.38		2,640	\$ 123,816	\$ -	100%	\$ -	
					\$ 1,412,519	\$ 264,000	TOTAL	\$ 264,000	
Payor: Commercial/Auto (28%)	Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ²	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 330	\$ 221	111	\$ 36,590	\$ 24,516	100%	\$ 24,516	
BLS-E (A0429)	16.4%	\$ 440	\$ 295	10,794	\$ 4,749,434	\$ 3,182,121	100%	\$ 3,182,121	
ALS1-NE (A0426)	0.1%	\$ 390	\$ 261	74	\$ 28,829	\$ 19,315	100%	\$ 19,315	
ALS1-E (A0427)	10.8%	\$ 550	\$ 369	7,135	\$ 3,924,320	\$ 2,629,295	100%	\$ 2,629,295	
ALS2 (A0433)	0.6%	\$ 770	\$ 516	366	\$ 281,746	\$ 188,770	100%	\$ 188,770	
SCT (A0434)	0.0%	\$ 880	\$ 590	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 9.38	\$ 6.28	18,480	\$ 886,712	\$ 580,697	100%	\$ 580,697	
					\$ 9,887,632	\$ 6,624,713	TOTAL	\$ 6,624,713	

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Three		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ³	Est. Commercial / Auto Transports (28%) ⁴	Est. Private Pay Transports (28%) ⁵			
		66,000	26,400	2,640	18,480	18,480			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ²	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁶	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 330	330	111	\$ 36,590	5,123	5%	\$ 256	
BLS-E (A0429)	16.4%	\$ 440	440	10,794	\$ 4,749,434	664,921	5%	\$ 33,246	
ALS1-NE (A0426)	0.1%	\$ 390	390	74	\$ 28,829	4,036	5%	\$ 202	
ALS1-E (A0427)	10.8%	\$ 550	550	7,135	\$ 3,924,320	549,405	5%	\$ 27,470	
ALS2 (A0433)	0.6%	\$ 770	770	366	\$ 281,746	39,444	5%	\$ 1,972	
SCT (A0434)	0.0%	\$ 880	880	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	9.38	9.38	18,480	\$ 866,712	121,340	5%	\$ 6,067	
					9,887,632	1,364,268	TOTAL	\$ 69,213	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					\$ 35,312,970	\$ 20,599,292			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR THREE
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 18,100,911
\$ 274
51%
88%

Footnotes:

- 1 Transport volume is based on estimates provided by Montgomery County Fire Rescue
 - 2 Estimated number of Medicare transports per level of service estimated based on comparable MD/VA jurisdictions from previous projections
 - 3 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
 - 4 Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
 - 5 Non-resident self-pay charges estimated to comprise 14% of total self-pay charges
- Billing for any health care service involves many variables that cannot be accounted for in a revenue estimate and that are beyond our control.
This is an estimate only and does not constitute a guarantee.**

Appendix D Year Four Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Four		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ³	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		66,700	26,680	2,668	18,676	18,676			
Payor: Medicare (40%)		Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts
BLS-NE (A0428)		0.2%	\$ 345	\$ 249.08	160	\$ 55,228	\$ 39,873	80%	\$ 31,899
BLS-E (A0429)		23.4%	\$ 460	\$ 398.53	15,584	\$ 7,168,542	\$ 6,210,607	80%	\$ 5,008,486
ALS1-NE (A0426)		0.2%	\$ 410	\$ 298.90	107	\$ 43,755	\$ 31,899	80%	\$ 25,519
ALS1-E (A0427)		15.4%	\$ 580	\$ 473.25	10,301	\$ 5,974,666	\$ 4,875,018	80%	\$ 3,900,015
ALS2 (A0433)		0.8%	\$ 810	\$ 684.97	528	\$ 427,894	\$ 361,845	80%	\$ 289,476
SCT (A0434)		0.0%	\$ 925	\$ 809.51	-	\$ -	\$ -	80%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 9.85	\$ 7.03	26,680	\$ 1,313,990	\$ 937,802	80%	\$ 750,242
						\$ 14,984,075	\$ 12,457,044		\$ 10,005,636
									\$ 1,002,603 Medicare Receipts
									\$ 1,002,603 Medicare Co-Pay Receipts ⁴
									\$ 2,005,206 Medicare Total
Payor: Medicaid (4%)		Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts
BLS-NE (A0428)		0.0%	\$ 345	\$ 100.00	16	\$ 5,523	\$ 1,601	100%	\$ 1,601
BLS-E (A0429)		2.3%	\$ 460	\$ 100.00	1,558	\$ 716,854	\$ 155,838	100%	\$ 155,838
ALS1-NE (A0426)		0.0%	\$ 410	\$ 100.00	11	\$ 4,376	\$ 1,067	100%	\$ 1,067
ALS1-E (A0427)		1.5%	\$ 580	\$ 100.00	1,030	\$ 597,467	\$ 103,011	100%	\$ 103,011
ALS2 (A0433)		0.1%	\$ 810	\$ 100.00	53	\$ 42,789	\$ 5,283	100%	\$ 5,283
SCT (A0434)		0.0%	\$ 925	\$ 100.00	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 9.85		2,668	\$ 131,399	\$ -	100%	\$ -
						\$ 1,498,407	\$ 266,800	TOTAL	\$ 266,800
Payor: Commercial/Auto (28%)		Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ²	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts
BLS-NE (A0428)		0.2%	\$ 345	\$ 231	112	\$ 38,659	\$ 25,902	100%	\$ 25,902
BLS-E (A0429)		16.4%	\$ 460	\$ 308	10,909	\$ 5,017,980	\$ 3,362,046	100%	\$ 3,362,046
ALS1-NE (A0426)		0.1%	\$ 410	\$ 275	75	\$ 30,629	\$ 20,521	100%	\$ 20,521
ALS1-E (A0427)		10.8%	\$ 580	\$ 389	7,211	\$ 4,182,266	\$ 2,802,118	100%	\$ 2,802,118
ALS2 (A0433)		0.6%	\$ 810	\$ 543	370	\$ 299,526	\$ 200,682	100%	\$ 200,682
SCT (A0434)		0.0%	\$ 925	\$ 620	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 9.85	\$ 6.60	18,676	\$ 919,793	\$ 616,261	100%	\$ 616,261
						\$ 10,488,852	\$ 7,027,531	TOTAL	\$ 7,027,531

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Four		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		66,700	26,680	2,668	18,676	18,676			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ²	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁵	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 345	345	112	\$ 38,659	5,412	5%	\$ 271	
BLS-E (A0429)	16.4%	\$ 480	460	10,909	\$ 5,017,960	702,517	5%	\$ 35,126	
ALS1-NE (A0426)	0.1%	\$ 410	410	75	\$ 30,629	4,288	5%	\$ 214	
ALS1-E (A0427)	10.8%	\$ 580	580	7,211	\$ 4,182,266	585,517	5%	\$ 29,276	
ALS2 (A0433)	0.6%	\$ 810	810	370	\$ 299,526	41,934	5%	\$ 2,097	
SCT (A0434)	0.0%	\$ 925	925	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	9.85	9.85	18,676	\$ 919,793	128,771	5%	\$ 6,439	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					10,468,852	1,468,439	TOTAL	\$ 73,422	
					\$ 37,460,187	\$ 21,219,814			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR FOUR
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 18,628,920
\$ 279
50%
88%

Footnotes:

- 1 Transport volume is based on estimates provided by Montgomery County Fire Rescue
- 2 Estimated number of Medicare transports per level of service estimated based on comparable MD/VA jurisdictions from previous projections
- 3 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
- 4 Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
- 5 Non-resident self-pay charges estimated to comprise 14% of total self-pay charges

Billing for any health care service involves many variables that cannot be accounted for in a revenue estimate and that are beyond our control.
This is an estimate only and does not constitute a guarantee.

Appendix E Year Five Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Five		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		67,350	26,940	2,694	18,858	18,858			
Payor: Medicare (40%)	Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 360	\$ 249.08	162	\$ 58,190	\$ 40,261	80%	\$ 32,209	
BLS-E (A0429)	23.4%	\$ 485	\$ 398.53	15,736	\$ 7,631,792	\$ 6,271,130	80%	\$ 5,016,904	
ALS1-NE (A0426)	0.2%	\$ 430	\$ 298.90	108	\$ 46,337	\$ 32,209	80%	\$ 25,767	
ALS1-E (A0427)	15.4%	\$ 610	\$ 473.25	10,402	\$ 6,344,936	\$ 4,922,526	80%	\$ 3,938,021	
ALS2 (A0433)	0.8%	\$ 850	\$ 684.97	533	\$ 453,400	\$ 365,371	80%	\$ 292,297	
SCT (A0434)	0.0%	\$ 970	\$ 809.51	-	\$ -	\$ -	80%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 10.34	\$ 7.03	26,940	\$ 1,392,798	\$ 946,941	80%	\$ 757,553	
					\$ 15,927,453	\$ 12,578,439		\$ 10,052,761	Medicare Receipts
								\$ 2,505,788	Medicare Co-Pay Receipts ⁴
								\$ 12,558,549	Medicare Total
Payor: Medicaid (4%)	Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts	
BLS-NE (A0428)	0.0%	\$ 360	\$ 100.00	16	\$ 5,819	\$ 1,616	100%	\$ 1,616	
BLS-E (A0429)	2.3%	\$ 485	\$ 100.00	1,574	\$ 763,179	\$ 157,357	100%	\$ 157,357	
ALS1-NE (A0426)	0.0%	\$ 430	\$ 100.00	11	\$ 4,634	\$ 1,078	100%	\$ 1,078	
ALS1-E (A0427)	1.5%	\$ 610	\$ 100.00	1,040	\$ 634,494	\$ 104,015	100%	\$ 104,015	
ALS2 (A0433)	0.1%	\$ 850	\$ 100.00	53	\$ 45,340	\$ 5,334	100%	\$ 5,334	
SCT (A0434)	0.0%	\$ 970	\$ 100.00	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 10.34		2,694	\$ 139,280	\$ -	100%	\$ -	
					\$ 1,592,745	\$ 269,400	TOTAL	\$ 269,400	
Payor: Commercial/Auto (28%)	Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ²	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 360	\$ 241	113	\$ 40,733	\$ 27,291	100%	\$ 27,291	
BLS-E (A0429)	16.4%	\$ 485	\$ 325	11,015	\$ 5,342,255	\$ 3,579,311	100%	\$ 3,579,311	
ALS1-NE (A0426)	0.1%	\$ 430	\$ 288	75	\$ 32,436	\$ 21,732	100%	\$ 21,732	
ALS1-E (A0427)	10.8%	\$ 610	\$ 409	7,281	\$ 4,441,455	\$ 2,975,775	100%	\$ 2,975,775	
ALS2 (A0433)	0.6%	\$ 850	\$ 570	373	\$ 317,380	\$ 212,645	100%	\$ 212,645	
SCT (A0434)	0.0%	\$ 970	\$ 650	-	\$ -	\$ -	100%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	\$ 10.34	\$ 6.93	18,858	\$ 974,959	\$ 653,222	100%	\$ 653,222	
					\$ 11,149,217	\$ 7,469,975	TOTAL	\$ 7,469,975	

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Five		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ²	Est. Private Pay Transports (28%) ²			
		67,350	26,940	2,694	18,858	18,858			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ²	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁵	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 360	360	113	\$ 40,733	5,703	5%	\$ 285	
BLS-E (A0429)	16.4%	\$ 485	485	11,015	\$ 5,342,255	747,916	5%	\$ 37,396	
ALS1-NE (A0426)	0.1%	\$ 430	430	75	\$ 32,436	4,541	5%	\$ 227	
ALS1-E (A0427)	10.8%	\$ 610	610	7,281	\$ 4,441,455	621,804	5%	\$ 31,090	
ALS2 (A0433)	0.6%	\$ 850	850	373	\$ 317,380	44,433	5%	\$ 2,222	
SCT (A0434)	0.0%	\$ 970	970	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	10.34	10.34	18,858	\$ 974,959	136,494	5%	\$ 6,825	
					11,149,217	1,560,890	TOTAL	\$ 78,046	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					\$ 39,818,633	\$ 21,878,705			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR FIVE
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 19,188,329
\$ 285
48%
88%

Footnotes:

- Transport volume is based on estimates provided by Montgomery County Fire Rescue
 - Estimated number of Medicare transports per level of service estimated based on comparable MDVA jurisdictions from previous projections
 - 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
 - Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
 - Non-resident self-pay charges estimated to comprise 14% of total self-pay charges
- Billing for any health care service involves many variables that cannot be accounted for in a revenue estimate and that are beyond our control.**
This is an estimate only and does not constitute a guarantee.

Appendix F Year Six Revenue Projections

Updated 04/26/12

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Six		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ²	Est. Commercial / Auto Transports (28%) ³	Est. Private Pay Transports (28%) ³			
		68,000	27,200	2,720	19,040	19,040			
Payor: Medicare (40%)		Est. % of Transports (Miles per Trip)	Charge	Medicare Allowed Charge ³	Est. Medicare Transport Volume ²	Total Charges	Total Medicare Allowed Charges	Medicare Paid Amount	Total Medicare Cash Receipts
BLS-NE (A0428)		0.2%	\$ 380	\$ 249.08	163	\$ 62,016	\$ 40,650	80%	\$ 32,520
BLS-E (A0429)		23.4%	\$ 510	\$ 398.53	15,888	\$ 8,102,635	\$ 6,331,653	80%	\$ 5,065,322
ALS1-NE (A0426)		0.2%	\$ 450	\$ 298.90	109	\$ 48,960	\$ 32,520	80%	\$ 26,016
ALS1-E (A0427)		15.4%	\$ 640	\$ 473.25	10,502	\$ 6,721,229	\$ 4,970,034	80%	\$ 3,976,027
ALS2 (A0433)		0.8%	\$ 900	\$ 684.97	539	\$ 484,704	\$ 368,897	80%	\$ 295,118
SCT (A0434)		0.0%	\$ 1,020	\$ 809.51	-	\$ -	\$ -	80%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 10.86	\$ 7.03	27,200	\$ 1,476,960	\$ 956,080	80%	\$ 764,864
						\$ 16,896,504	\$ 12,699,835		\$ 10,159,868
									\$ 320,793
									\$ 7,466,560
									Medicare Receipts
									Medicare Co-Pay Receipts ⁴
									Medicare Total
Payor: Medicaid (4%)		Est. % of Transports (Miles per Trip)	Charges	Medicaid Allowed Charge	Est. Medicaid Transport Volume ²	Total Charges	Total Medicaid Allowed Charges	Medicaid Paid Amount	Total Medicaid Cash Receipts
BLS-NE (A0428)		0.0%	\$ 380	\$ 100.00	16	\$ 6,202	\$ 1,632	100%	\$ 1,632
BLS-E (A0429)		2.3%	\$ 510	\$ 100.00	1,589	\$ 810,264	\$ 158,875	100%	\$ 158,875
ALS1-NE (A0426)		0.0%	\$ 450	\$ 100.00	11	\$ 4,896	\$ 1,088	100%	\$ 1,088
ALS1-E (A0427)		1.5%	\$ 640	\$ 100.00	1,050	\$ 672,123	\$ 105,019	100%	\$ 105,019
ALS2 (A0433)		0.1%	\$ 900	\$ 100.00	54	\$ 48,470	\$ 5,386	100%	\$ 5,386
SCT (A0434)		0.0%	\$ 1,020	\$ 100.00	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 10.86		2,720	\$ 147,696	\$ -	100%	\$ -
						\$ 1,689,650	\$ 272,000	TOTAL	\$ 272,000
Payor: Commercial/Auto (28%)		Est. % of Transports (Miles per Trip)	Charges	Est. Ins. Allowed Charge	Est. Commercial / Auto Transport Volume ²	Total Charges	Total Insurance Allowed Charges	Insurance Paid Amount	Total Insurance Cash Receipts
BLS-NE (A0428)		0.2%	\$ 380	\$ 255	114	\$ 43,411	\$ 29,086	100%	\$ 29,086
BLS-E (A0429)		16.4%	\$ 510	\$ 342	11,121	\$ 5,671,845	\$ 3,800,136	100%	\$ 3,800,136
ALS1-NE (A0426)		0.1%	\$ 450	\$ 302	76	\$ 34,272	\$ 22,962	100%	\$ 22,962
ALS1-E (A0427)		10.8%	\$ 640	\$ 429	7,351	\$ 4,704,860	\$ 3,152,256	100%	\$ 3,152,256
ALS2 (A0433)		0.6%	\$ 900	\$ 603	377	\$ 339,293	\$ 227,326	100%	\$ 227,326
SCT (A0434)		0.0%	\$ 1,020	\$ 683	-	\$ -	\$ -	100%	\$ -
Loaded Miles (A0425) (Average/Trip)		5	\$ 10.86	\$ 7.28	19,040	\$ 1,033,872	\$ 692,694	100%	\$ 692,694
						\$ 11,827,553	\$ 7,924,460	TOTAL	\$ 7,924,460

Montgomery County, MD EMS Transport Fee - Revenue Projections Year Six		Total Projected Transport Volume ¹	Est. Medicare Transports (40%) ²	Est. Medicaid Transports (4%) ³	Est. Commercial / Auto Transports (28%) ⁴	Est. Private Pay Transports (28%) ⁵			
		68,000	27,200	2,720	19,040	19,040			
Payor: Self-Pay (28%)	Est. % of Transports (Miles per Trip)	Charges	Self-Pay Allowed Charge	Est. Private Pay Transport Volume ²	Total Self-Pay Charges	Total Non- Resident Self- Pay Charges ⁵	Est. Private Pay Collection%	Total Self-Pay Cash Receipts	
BLS-NE (A0428)	0.2%	\$ 380	380	114	\$ 43,411	6,078	5%	\$ 304	
BLS-E (A0429)	16.4%	\$ 510	510	11,121	\$ 5,671,845	794,058	5%	\$ 39,703	
ALS1-NE (A0426)	0.1%	\$ 450	450	76	\$ 34,272	4,798	5%	\$ 240	
ALS1-E (A0427)	10.8%	\$ 640	640	7,351	\$ 4,704,860	658,680	5%	\$ 32,934	
ALS2 (A0433)	0.6%	\$ 900	900	377	\$ 339,293	47,501	5%	\$ 2,375	
SCT (A0434)	0.0%	\$ 1,020	1,020	-	\$ -	-	5%	\$ -	
Loaded Miles (A0425) (Average/Trip)	5	10.86	10.86	19,040	\$ 1,033,872	144,742	5%	\$ 7,237	
					11,827,553	1,655,857	TOTAL	\$ 82,793	
GRAND TOTALS - CHARGES/ALLOWED CHARGES					\$ 42,241,260	\$ 22,552,152			

GRAND TOTAL - PROJECTED CASH RECEIPTS - YEAR SIX
OVERALL PROJECTED AVERAGE REVENUE PER TRANSPORT
GROSS COLLECTION PERCENTAGE
NET COLLECTION PERCENTAGE

\$ 19,759,903
\$ 291
47%
88%

Footnotes:

- 1 Transport volume is based on estimates provided by Montgomery County Fire Rescue
 - 2 Estimated number of Medicare transports per level of service estimated based on comparable MD/VA jurisdictions from previous projections
 - 3 2012 Medicare rates taken from 2012 Ambulance Public Use File from the Centers for Medicare and Medicaid Services
 - 4 Medicare Co-Pay estimate is 52% of total Medicare copayments; Medicare copayments are 20% of Medicare approved charges
 - 5 Non-resident self-pay charges estimated to comprise 14% of total self-pay charges
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